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DRAFT/3 - 22 Sept 80

MEMORANDUM FOR: Program Managers

FROM: D/DCI/RM

SUBJECT: Establishing a Community Working Group on Inflation ☐

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We need to establish credible and systematic procedures for estimating inflation rates for the NFIP. This requires that Community-wide standards be established to derive the two components of inflation -- price indices for a set of mutually exclusive and exhaustive cost categories and weights to apply to such indices. These estimates will be incorporated into the DCI's fiscal guidance, with periodic updates to reflect economic performance. As a basis for these estimates, a uniform set of cost categories must be selected and procedures for submitting cost information broken down by these categories needs to be established. ☐

To accomplish this, we are establishing a community working group on inflation whose task it will be to:

- o define rationalized and standardized NFIP cost accounting categories,
- o develop methodologies for indexing these categories with respect to inflation,
- o establish procedures for accumulating or disseminating cost data by program for inflation estimation.

This working group will be formed within the next two weeks and would have as a target completion date, June 1981. Membership of the working group will include a representative (preferably the comptroller) from each of the programs. Each of those representatives will also designate a member of their staff to serve on the staff of the working group which will include as well members of the various offices in RMS.

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